GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA

UNSTARRED QUESTION NO:3178
ANSWERED ON:17.12.2015
Foreign Investment in Solar Energy
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Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) whether the Government has entered/proposes to enter in an international solar alliance with nations producing solar energy i.e. 'sunshine nations';

(b) if so, the details thereof along with its objectives and the benefits likely to accrue to the country from such alliances;

(c) whether the Government expects foreign investment for setting up a solar manufacturing base in the country, if so, details thereof;
(d) the quantum of foreign investment expected in the country for solar sector; and

(e) the other steps taken/being taken by the government for sustainable development goals in solar energy?

Answer

THE MINISTER OF STATE FOR POWER, COAL & NEW AND RENEWABLE ENERGY (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a)&(b): The International Solar Alliance was launched on 30 November 2015 on the side-lines of the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC), at Paris, France.
International Solar Alliance (ISA) has been envisioned as a coalition of 121 solar resource rich countries situated fully or partially between Tropic of Cancer and Tropic of Capricorn, to address their special energy needs and to provide a platform to collaborate on addressing the identified gaps through a common approach. The key focus areas of ISA include promotion of technologies and investment in the solar sector, facilitation of projects and programmes, development of innovative financial mechanisms to reduce cost of capital, builds a common Knowledge e-Portal and facilitate capacity building for promotion and absorption of solar technologies and R&D among member countries.
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(c): Solar power plants are being set up in the country mostly by private developers. Setting up solar manufacturing base is a commercial decision to be taken by the private investors/manufacturers.

(d): The investment for solar energy projects is arranged by the project developers, on project to project basis, from various sources including from foreign direct investment.
Low cost International funding for solar roof top projects tied up so far is as under :-
i. One billion Euro loan from KfW Germany: Memorandum of Understanding (MoU) was signed between Government of India and Government of Germany on 5 October, 2015 for (i) Co-operation on solar rooftops (ii) Solar parks and solar zones, and (iii) Solar off-grid applications;

ii. US$ 500 million loan from World Bank: Approved by Department of Economic Affairs. State Bank of India will provide loans to system aggregators for solar rooftops;

iii. US$ 500 million loan from Asian Development Bank: Approved by Department of Economic Affairs. Punjab National Bank will provide loans to for solar rooftops.
(e): For encouraging solar power generation in the country, the Government is providing the following incentives to solar power developers:
i. Grant of subsidy on off-grid applications.
ii. Provision of Renewable Purchase Obligation (RPO) for solar has been made in the proposed National Tariff Policy.
iii. Generation Based Incentives (GBI) and facility for bundling power for grid connected solar power projects through various interventions announced from time to time.
iv. Grant of Viability Gap Funding (VGF).
v. Renewable Energy Sector has been awarded Priority Sector Lending status.
vi. Concessional Import duty/Excise duty exemption for setting up of solar power plants, accelerated depreciation and tax holiday.
vii. Roof-top Solar PV systems have been made eligible for home loans.
viii. Tax free green bonds of INR 5,000 crores.
ix. Creation of Payment Security Mechanism.
x. Development of solar parks.
xi. Setting up of Green Energy Corridors.

xii Waiver of wheeling charges on Inter-State Transmission System (ISTS) network.